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**SACRAMENTO BUSINESS OWNERS PLEAD GUILTY
TO MASSIVE TAX EVASION SCHEME**

SACRAMENTO--United States Attorney John K. Vincent announced today that JOSEPH J. SKOKAN, SR., age 62, of Sacramento, and JOSEPH M. SKOKAN, JR., age 39, of Folsom, CA, pleaded guilty today to one count of conspiracy to defraud the United States with regard to the assessment and collection of federal income and employment taxes.

JOSEPH SKOKAN, SR. formed JJ Rebar, Inc., a steel manufacturing and fabricating business in Sacramento, in 1974. JOSEPH SKOKAN, SR. is a partial owner of JJ Rebar, Inc. JOSEPH M. SKOKAN, JR. has worked at JJ Rebar for several years.

Approximately \$3,575,426 in wages and salaries which had been paid to employees of JJ Rebar, Inc. between 1992 and 1997 was not reported to the IRS. The total tax loss to the government for criminal purposes was as much as \$950,000.

According to Assistant United States Attorney Robert M. Twiss, who is prosecuting the case, documents introduced in court show that JJ Rebar employed approximately 25 people at any given time. Between 1992 and 1997, which is the period covered by the conspiracy, JJ Rebar employed a total of approximately 185 persons.

The two SKOKANS intentionally underreported the federal income, social security and medicare taxes which were due from wages paid to employees of JJ Rebar. For any given pay period during the years in question, defendants paid employees from JJ Rebar's bank account, and would properly withhold taxes for these wages and salaries and report the wages and salaries to the IRS.

For some pay cycles during the time period involved, however, some employees received wages and salaries by checks drawn on an account known as the PM Fab Company account. PM Fab Company is not a real company. Instead, this was merely the name of the account from which JJ Rebar funds sometimes were used to pay JJ Rebar employees. Prior to employees receiving paychecks from this account, money was transferred from the JJ Rebar general account into this account. For wages and salaries paid out of the PM Fab Company account, no federal income, social security or medicare taxes were withheld.

None of the Employers' Tax Returns filed by JJ Rebar with the IRS reflected wages paid

to JJ Rebar employees out of the PM Fab Company bank account, or through the subsequent practice of making payments in the names of fictitious vendors. No tax forms were filed by PM Fab Company.

Some of the wages and salaries which were paid by JJ Rebar, Inc. through this scheme were paid to defendant JOSEPH J. SKOKAN, SR., who then filed several federal income tax returns upon which he willfully and intentionally failed to report the income which had been paid in this manner.

"Employers are required to pay taxes, including Social Security taxes for the benefit of their employees. When an employer shirks his employment tax responsibilities, many people suffer. The IRS will enforce the law and recommend criminal prosecution for those who attempt to evade it," said Dwight Sparlin, Special Agent in Charge of the IRS, Criminal Investigations.

Sentencing is set for April 10, 2002.

This case is the product of an extensive investigation by Criminal Investigations, Internal Revenue Service.

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